

SOVOS ShipCompliant

10 Key Steps to Expanding Your Brewery's Footprint



Introduction

Businesses are constantly looking to evolve and expand, and this is no different in the beverage alcohol space. However, this is a more heavily regulated industry than most others, which makes bringing new products to the marketplace a unique challenge for many breweries.

In addition to the standard logistical issues businesses face like market analyses, licensing, and distribution, beer producers also have to cope with a bevy of regulations from the federal government, state governments, and, in some places, even local jurisdictions. Compliance can be tricky for companies in any space, but it is an especially difficult aspect of selling alcoholic products in the U.S. because of the murky regulatory landscape.

But, never fear! Everyone struggles with expanding their footprint, to some extent. These are natural growing pains, and it's best to embrace them. In that spirit, we've put together a guide for beer producers looking to introduce new products to market and widen their distribution networks: **10 Key Steps to Expanding Your Brewery's Footprint.**

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1. Know Thyself

Before you launch a new product or expand your presence into new areas, it's imperative to have a complete understanding of your company's ability to successfully complete the registration process and meet all compliance requirements in each area.

What does your internal team look like? Is it equipped to handle an influx of new responsibilities and obligations? Are you prepared to meet each state's requirements for registration? Do you have the financial resources? The key to successfully entering new regions is to have everything in place before entering new markets. Identifying openings in the market is important, but you also have to identify your own capabilities before making moves, and then identify the right time to do so.

2. Know the Market

Speaking of identifying openings in the market – you need to consider the state of the market. Keep an eye on **what's trending right now**, and maintain a close watch on newer products that could possibly explode onto the scene. To expand your footprint, you need to have products that both reflect **what's currently popular** and also are different enough from everyone else that you can stand out from the crowd.

Are your products diversified enough from what everyone else is offering in a certain region? What are the top-selling beer types and brands there? How did your beer perform at regional events? A comprehensive grasp of the markets you intend to enter is critical to the success of your expansion campaign, so you should be sure to follow those markets for quite a while before making a commitment to them.





3. Know Your Brand Story

Every business needs to know how to sell its products, but half the battle is figuring out how to sell the brand itself. Not only are you competing with hundreds – and, depending on the product, possibly thousands – of like-minded brewers for shelf space in stores or bars; you’re also selling to a consumer base that can be influenced by the visual design of your products. You’ll need to distinguish your story from everyone else’s – many breweries today cultivate an image reflecting their “passion” for beer. How can you put a unique and personal twist on that?

Maintaining a positive image surrounding your brewery, winery, or distillery is crucial to attracting buyers. This can be achieved via aesthetically appealing packaging, an emotionally compelling brand story, and even a unique value proposition like a beer crafted with an uncommon ingredient or collaboration with another company. Does your brand effectively tell your story and convey a positive message to your audience?

4. Know Your Customers

The most important part of any expansion strategy: Understanding your audience. First and foremost, you need to identify which demographics are most likely to buy your products. Where do they live? How old are they? What are they looking for in a wine, beer, or spirit? What other brands do they currently buy?

Once you figure out what motivates your consumers to buy certain alcoholic beverages, you can begin speaking their language. If you’re trying to introduce locally successful products to a new region, learn about the audience in that area and appeal to their interests. A product that resonates with the locals and sells well in, say, San Diego might not have the same impact in Tennessee.

5. Know Your Strategy

Expanding into new territories is an exciting prospect – but it also needs to be meticulously planned in advance. There are many examples around the industry of alcohol producers attempting to grow too quickly, and being forced to scale back their operations as a result. You need to figure out your distribution strategy in each new area you intend to enter, but you also need to refine your sales pitch so you can hit the ground running once you enter these markets.

Will you sell your beer in bottles, cans, growlers, or some combination of the above? Are you going to approach local markets with individually designed plans? Will you take a more broad regional strategy? Or do you plan to target a national audience and use the same messaging and product placement in every market you enter? Each of these approaches has worked in the past, but you have to commit to the strategy once you determine which route you plan to go.

6. Sort Out Your Logistics

Ok, so you have your product strategy in place. Now you need to make sure you can go out and execute on it. This means getting your logistics sorted out, from supply lines to infrastructure. These factors will vary by area and by the ingredients included in your beer you sell, so it's important to understand the ins and outs of each place and product.

Once you get your supply chain in place, you can start selling beer in new areas and leveraging distributors to help expand your reach.

7. Line Up Distributors

Distributors are in many ways the lifeblood of the bev alc industry, so don't take your dealings with them lightly. Ensure they will care for your products and be upfront with them regarding the time and resources you need. Verify that your products fit in with their sales model and establish clear goals that you can use to measure success (and write those down in your contract). Taking the time upfront to check that your distributors are set to meet your needs can save a lot of headache down the road.

So, how can you form a positive business relationship with a distributor?

Good question! First, you have to prove your products are valuable. What do your sales figures look like? Are you producing varieties of drinks that are popular enough to sell in new areas? Once you demonstrate to distributors that your brand has a worthwhile product (or products), you can begin to attract attention. Certain distributors will be a better fit than others based on your expansion strategy, so it's important to choose one that aligns well with your efforts based on regional infrastructure, shipping capabilities, and localized networks.





Next comes the “fun” part: Negotiation. You can easily be trapped in a bad deal if you aren’t careful and sign a formulaic contract. If a state has franchise laws, that can make getting out of a bad deal even harder. Hire a lawyer who will help you draft a clear and enforceable contract. A legal advisor experienced with beverage alcohol can negotiate on your behalf to strike the best possible deal and avoid future problems.

Another key component is establishing good partner relationships. If your brand managers, ambassadors, and solicitors (or anyone else representing you) develop a positive rapport with your partners, they may be more likely to help promote your brand.

8. Get Compliant

You’re very close to being ready to enter new markets now! This means it’s time to obtain all the correct licenses and registrations you need to legally distribute your brews in new regions. Each state has its own unique requirements and you’ll be responsible for knowing when and what you need to do to ensure you register properly and are in compliance. Between excise taxes, shipping reports, licenses, registrations, price posting, Certificates of Label Approval (COLAs), compliance can be complicated and complex.

If this seems overwhelming, Sovos ShipCompliant can help your business obtain all the necessary licenses and registrations with our Market Ready solution. Learn more about [Market Ready](#).

9. Stay on Top of Compliance

Once you acquire the licenses and registrations you need to operate in new areas, you need to make sure you stay on top of compliance. This means regularly paying taxes and filing shipping reports, but it also means being proactive. Track your data and measure your performance periodically – are you meeting goals and expectations? What is and is not working with your compliance processes? Are you in good standing with each state where you have sales?

Getting behind on state filings can put your business at risk of incurring penalties and interest, or even worse: Potentially losing the license to sell your products in states where you are not in compliance. Sovos ShipCompliant’s 3-Tier Reporting solution can help you stay on top of revisions, license renewals, and any other challenges you may have.

10. Rinse and Repeat


You've tackled expansion successfully and have moved your products into new markets. Congratulations! But you aren't done – now it's time to measure your successes, learn from any mistakes you've made, and get right back to planning for further expansion. This might mean moving into even more new regions, or it could mean expanding your product lines and increasing product diversity.

Are you in a position to introduce new beers or other products to the market? Are you ready to take the next step toward being a nationally recognized brewery? Are you positioning yourself to be acquired by a larger brand, or to make an acquisition to grow your own brand?

Whatever route you choose to take, you have the tools to go out and conquer the world...or, at least the beverage alcohol industry.

**See for yourself how Sovos
ShipCompliant can help your
brewery stay on top of compliance**

Request a Demo



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